Convergence of Female Entrepreneurship in Selected Asian Countries

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Abstract: The aggregate convergence analysis of female entrepreneurship in selected Asian countries resulted in divergence. The club convergence analysis, however, identified China, Indonesia, and India as outliers. The result is in line with what the Global Entrepreneurship Monitor (GEM) has found, which is that women are more likely to start their own businesses in developing countries. The remaining countries are categorized into three distinct clubs. The finding shows that the countries with different levels of income and different indices of gender gaps are clustered together. This suggests that female entrepreneurship is not necessarily affected by the level of income and gender gaps. Apart from that, the formation of the convergence clubs may suggest female entrepreneurship as one of the key drivers of globalization.

1 Introduction

Global Entrepreneurship Monitor (GEM) estimates that 274 million women are active in start-ups, and 139 million own existing firms, [1]. Female entrepreneurs are "women who have ventured into new economic perspectives despite preconceptions, criticism, and societal constraints, [2]. Despite this, women's labor engagement and self-employment have risen rapidly in the previous two decades, [1]. According to [4], Southeast Asia has 61.3 million female entrepreneurs, which represents 9.8% of the population, [3]. Female entrepreneurship boosts gender equality through employment creation, [4]. Apart from that, gender equality might contribute $12 trillion to the global economy by 2025, [5], [13]. Women, men, girls, and boys have equal rights, resources, opportunities, and protection, according to UNICEF, [6]. In addition, one of the Sustainable Development Goals (SDG) aims to decrease gender gaps and empower women and girls worldwide, [7]. Promoting female entrepreneurship would produce employment to empower women and promote gender equality, according to the ILO, [8].

Many attributes and factors can affect female entrepreneurship in a country. Numerous works of literature show that female entrepreneurship is mainly affected by a country's economic well-being and income, [15]. However, as the feminist movement has been on the rise recently, some literature attributes gender disparity to affecting female entrepreneurship [5].

In addition, GEM reported that female entrepreneurship might decline when an economy reaches a developed status [1]. However, recently, female entrepreneurship has grown considerably, notably in Asia, [1], [20]. In these countries, women starting their businesses is the way to gain economic power and equality; for families' well-being, the fight against poverty, and long-term economic growth, [31].

Creating an environment where women can be entrepreneurs and reach their full potential can benefit households, communities, and economies. In addition, long-term growth and convergence may affect a country's well-being, [14], [16].

Hence, the objective of this study is to observe if the nation's income level or gender disparity would lead to the convergence of female entrepreneurship in the long run. The convergence study and its finding are crucial to facilitating policymaking in the economic bloc involving these countries.

1.1 Gender Equality, Level of Income and Female Entrepreneurship

Fourteen Asian nations are chosen for their diversity, gender equality index, incomes, and female entrepreneurship.

Past studies show female entrepreneurship significantly affects gender equality, [9], [10], [11]. Nonetheless, not all economies reflected this theory. For example, female entrepreneurship is not thriving in industrialized nations despite greater chances and